

Public Service Commission Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

Charlotte R. Lane
Chairman



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February 8, 2000

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
Office of the Secretary
445-12th Street, SW, Room TW-204B
Washington, DC 20554

Re: CC Docket No. 96-45: Certification Under 47 U.S.C. § 254(e).

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Dear Secretary Salas:

The Public Service Commission of West Virginia (WVPSC) hereby submits its certification in accordance with 47 C.F.R. § 54.313. This section of the Commission's rules requires state certification in order to allow non-rural incumbent local exchange carriers, or eligible telecommunications carriers in non-rural service areas, to receive federal universal service support pursuant to 47 C.F.R. §§ 54.309 or .311.

As required by 47 C.F.R. §54.313(b), the WVPSC certifies that the following carriers in West Virginia are eligible to receive federal support during January 1, 2000 to December 31, 2000: Bell Atlantic-West Virginia, Inc. (BA-WV). BA-WV is the only non-rural carrier in West Virginia and no carriers have been designated by the WVPSC as eligible telecommunications carriers in any area served by BA-WV. The WVPSC further certifies that BA-WV will only use federal support for the provision, maintenance and upgrading of facilities and services for which the support is intended. This certification is the product of formal proceedings before the WVPSC. See "Commission Order," General Investigation Re: Disposition of Federal Universal Support to BA-WV, Case No. 99-1620-T-GI (Feb. 8, 2000) (copy attached). Pursuant to a settlement entered into by BA-WV, Staff of the WVPSC and

[Handwritten signature]

the Consumer Advocate Division of the WVPSC, and approved by the WVPSC, all additional support, beyond current levels, received by BA-WV will be used to reduce monthly rates for single-line business and residential customers in West Virginia, effective January 1, 2000.

On behalf of the people of West Virginia, the WVPSC expresses its appreciation for the Commission's efforts in arriving at a mechanism to provide support that will reduce monthly rates for the bulk of consumers and make those rates more comparable to rates paid by consumers in other parts of the Nation.

Very truly yours,


CHARLOTTE R. LANE, Chairman

Encl.

cc: Administrator, Universal Service Administrative Company
100 South Jefferson Road
Whippany, NJ 07981

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 8th day of February, 2000.

CASE NO. 99-1620-T-GI

GENERAL INVESTIGATION regarding the appropriate disposition of additional Federal universal service support funds allocable to Bell Atlantic - West Virginia, Inc.

COMMISSION ORDER

In this proceeding, the Commission is called upon to determine how increased federal universal service support for non-rural telecommunications carriers in West Virginia should be allocated. Federal universal support in this case is a subsidy that attempts to enable non-rural carriers' rates for basic telecommunications services to remain affordable and reasonably comparable across the United States, despite the fact that the costs to provide such services vary greatly by exchange. Bell Atlantic - West Virginia, Inc. (BA-WV) is the only non-rural telecommunications carrier in West Virginia that is eligible for federal universal service support.

On October 21, 1999, the Federal Communications Commission (FCC) issued two orders: the first order adopted inputs to be used in estimating forward-looking costs to provide basic universal service; the second order calculated non-rural telecommunications carriers' costs to provide basic universal service, on a state-by-state basis, and adopted rules governing how federal universal service support would be allocated to such carriers. See "Tenth Report and Order," In the matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 99-305 (Rel. Nov. 2, 1999) (USF Inputs Order); and "Ninth Report and Order and Eighteenth Order on Reconsideration," In the matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 99-304 (Rel. Nov. 2, 1999) (USF High-Cost Support Order). Universal service funds are intended to ensure that rates across the nation, particularly in rural and high-cost areas, are "affordable and reasonably comparable" to rates in low-cost and urban areas. Moreover, § 254(e) of the Telecommunications Act of 1996 (TA96), 47 U.S.C. §§ 151 et seq., provides that carriers must use universal service support "[O]nly for the provision, maintenance and upgrading of facilities and services for which the support is intended." 47 U.S.C. § 254(e). Applying § 254(e)'s dictates, the FCC stated that it would not attempt "[T]o direct the manner in which states incorporate federal high-cost support into their ratemaking process" USF High-Cost Support Order, ¶ 95. However, the FCC required "[S]tates that wish to receive federal universal service high-cost support

for non-rural carriers within their territory to file a certificate with the [FCC] stating that federal high-cost funds flowing to non-rural carriers in that state will be used in a manner consistent with [47 U.S.C. § 254(e)].” *Id.* ¶ 97. Non-rural carriers will not receive support until the state files an appropriate certification with the FCC. *Id.* ¶ 98. Thus, it is incumbent upon the Commission to certify that BA-WV’s proposed use of increased federal universal support is consistent with TA96’s purposes if BA-WV is to receive such support.

Under the FCC’s rules, if the Commission files a certification prior to January 1, 2000, then universal service funds for the first and second quarter of 2000 will be forwarded to BA-WV in the second quarter and without interruption thereafter. If certification is filed with the FCC after January 1, 2000, but before April 1, 2000, BA-WV will still receive funding for 2000, but funds will be delayed until the third quarter. If certification is filed after April 1, 2000, BA-WV will not receive a full year’s funding for 2000. *See* 47 C.F.R. § 54.313..

On November 5, 1999, the Consumer Advocate Division of the Public Service Commission (CAD) filed a petition requesting that the Commission initiate a general investigation regarding the appropriate disposition of the annual support that BA-WV will be entitled to receive from the Federal Universal Service Fund (USF).

On November 18, 1999, BA-WV filed a reply to CAD’s petition, to which CAD filed a response on November 19, 1999.

By Order entered December 2, 1999, the Commission initiated this investigation and directed the Executive Secretary to cause notice of the investigation to be published statewide. The Commission’s December 2, 1999, order established a procedural schedule and set this matter for hearing.

On December 20, 1999, Citizens Telecommunications Company of West Virginia, Citizens Mountain State Telephone Company and Citizens Telecommunications Company (collectively, the Citizens Companies) filed a petition to intervene in this proceeding. AT&T Communications of West Virginia, Inc. (AT&T) filed a petition to intervene on December 27, 1999.

By Order entered December 21, 1999, the Commission rescheduled the hearing date in this proceeding from January 10, 2000 to January 20, 2000.

Affidavits certifying statewide publication of the Commission’s original notice advising the public of this proceeding and the procedural schedule adopted herein were filed with the Commission on December 13, 16, 21-22, 27, 1999, and January 14, 2000.

Pursuant to the Commission’s December 21, 1999, order, the parties pre-filed testimony of the following witnesses: BA-WV – Gale Y. Given (direct and rebuttal testimony); CAD – Billy Jack

Gregg (direct and rebuttal testimony);¹ Staff – David T. Carden (direct and rebuttal testimony); AT&T – Bruce Cooper (rebuttal testimony). Citizens did not pre-file any testimony.

A hearing was held, as scheduled, on January 20, 2000. The following parties appeared through counsel: BA-WV, CAD, Staff and AT&T. Citizens did not appear at the hearing, nor did any person appear to submit comments or objections. At the outset of the hearing, the parties advised the Commission that they had reached agreement on all matters in dispute and that they were prepared to submit a Stipulated Settlement (Settlement) of this proceeding. A draft Settlement was entered in the record as Joint Exhibit No. 1 (exhibits are hereafter identified as Exh. ____). Billy Jack Gregg and Gale Y. Given testified jointly in support of the Settlement and were offered for cross examination by the other parties and the Commission. At the conclusion of the hearing, all pre-filed testimony was stipulated into the record.

On January 24, 2000, an executed copy of the Settlement was filed with the Commission.

On February 2, 2000, an executed Amended Stipulation of Settlement (Amended Settlement) was filed with the Commission.

DISCUSSION

A. The Parties' Initial Positions.

CAD initially sought to use all additional federal universal service support received by BA-WV to provide a 16.45% across-the-board reduction in both basic monthly rates and usage-based rates for residential and business service. CAD Exh. 1 (Gregg Dir.) at 12; see BJG-7. Although CAD conceded that USF support could be used for purposes other than basic rate reductions, for example upgrading facilities in rural areas or replacing other implicit intrastate universal service subsidies, it did not believe either alternative use of USF support is appropriate for West Virginia. Id. at 8-11. In addition, CAD recommended: (1) that subsequent increases or decreases in funding should be flowed through to customers, automatically; (2) that the Commission should require an annual report from BA-WV by the preceding December 1 regarding the expected level of USF support for the coming year and, if there is a material change in the per line support, BA-WV should be allowed to change the reduction or credit applied to each customer's bill; (3) that the current, pre-2000 USF support received by BA-WV should be removed from the Company's revenue requirement in this year's incentive regulation plan (IRP) negotiations and the entirety of USF support be considered in next year's, and succeeding years' proceedings on this issue; and (4) that BA-WV's rate reductions should not be identified as a line item on customers' monthly bills; instead, bills would simply show the reduced basic monthly and usage-based rates. Id. at 13-15.

¹On January 6, 2000, CAD filed corrected pages 7 and 13 of Mr. Gregg's pre-filed direct testimony.

On the other hand, while BA-WV initially proposed that most of the additional universal service support should be allocated to reducing basic residential and business rates, it proposed also using the additional support to reduce intrastate access charges and to create a reserve for constructing improvements in the Company's telecommunications infrastructure. BA-WV only recommended that 81.7% of the available support should be used to reduce basic monthly rates, while the remaining 18.3% should be used to: (1) reduce intrastate toll access charges by roughly \$4 million (12.2%), and (2) set aside \$2 million (6.1%) to be used for rural telecommunications infrastructure development. BA-WV Exh. 1 (Given Dir.) at 8-9; see Attachment 1.

Staff supported CAD's proposed rate reductions and opposed BA-WV's proposals, as did AT&T. Staff Exh. 2 (Carden Reb.) at 1; AT&T Exh. 1 (Cooper Reb.) at 1-3.

B. The Terms of the Settlement, as Amended.

The parties, excluding AT&T and the Citizens Companies, resolved their differences in the Settlement.² Under the Settlement's terms, the parties agreed to the following:

- All additional universal service support received by BA-WV would be allocated to a series of reductions in BA-WV's local dial tone line rates for both business and residential customers. The reductions applied only to basic monthly rates and did not include usage-based rate reductions. Settlement, ¶1 and Attachment.
- The rate reductions would be implemented by means of a "Federal Universal Service Credit" to be applied against the otherwise applicable, tariffed rate. The tariffed rate and the credit would be shown as separate line items on the customer's monthly bill Settlement, ¶2.
- The parties will discuss, in the context of BA-WV's upcoming incentive regulation plan proceeding, whether the Federal Universal Service Credit, in subsequent program years, should be based on total funding, rather than net funding, received by BA-WV from the federal USF. If the parties cannot agree on this issue, they reserve the right to take any position they deem appropriate in future proceedings. Id. ¶3.

²While AT&T did not join in the Settlement, it did not object to the terms of the parties' agreement. Settlement, ¶7.

- BA-WV will, as soon as possible, notify the parties of any increases or decreases in the amount of universal service support BA-WV receives. The parties will expeditiously negotiate an agreement to incorporate such changes in funding. If the parties are unable to reach an agreement within 30 days following such notice, any party may petition the Commission to resolve the issue. If the parties cannot agree, and the Commission does not issue an order by the effective date of any funding changes, the amount of the Universal Service Credit will be automatically increased or decreased in proportion to the increase or decrease in the amount of universal service funding available to BA-WV during that program year. Settlement, ¶4.
- Nothing in the Settlement affects the portability of federal universal service support among competitors, as set forth in the USF High-Cost Support Order. Id. ¶5.

A copy of the Settlement is attached hereto as Appendix A.

The parties filed the Amended Settlement in order to accommodate the FCC's recalculation of the amount of universal service support BA-WV should receive. According to the parties, the FCC issued a Public Notice on January 20, 2000, advising that, because of certain computational errors, the federal funding that BA-WV would receive had been reduced to \$30,822,798, inclusive of the \$1,455,276 that BA-WV is currently receiving. In other words, BA-WV would be receiving a net increase in funding of \$29,367,522, rather than the approximately \$31 million assumed in the Settlement. Accordingly, the parties reduced the amount of the rate reductions previously agreed to in proportion to the total reduction in universal support. Amended Settlement, ¶1 and Revised Attachment. In all other respects, the terms of the Settlement remain in effect. Id. ¶2. A copy of the Amended Settlement is attached hereto as Appendix B.

C. Commission Decision and Rationale.

The Commission has not previously ruled on the petitions to intervene filed by AT&T and the Citizens Companies. Both petitions should be granted.

After reviewing the terms of the Settlement, as amended, and after considering the parties' testimony in support thereof, the Commission concludes that the Settlement, as amended on February 2, 2000, should be approved. The Commission further concludes that a copy of this Order should be filed with the FCC and the Universal Service Administration Corporation, together with a letter certifying that all federal high-cost universal service support for non-rural carriers in West Virginia is being used in a manner consistent with 47 U.S.C. § 254(e).

The parties' proposed use of federal universal service support allocable to BA-WV is reasonable and comports with both TA96 and the FCC's universal service support orders. BA-WV's is using the increased federal universal service support for the "[P]rovision, maintenance and upgrading of facilities and services for which the support is intended." See 47 U.S.C. § 254(e).

Providing reductions in rates for basic telecommunications service, such as those agreed to by the parties, is clearly an appropriate use of federal universal service funds. See FCC High Cost Support Order, ¶¶ 7, 95-96. The proposed rate reductions will bring the rates for basic business and residential customers in West Virginia closer to the national averages for such rates. CAD Exh. 1 (Gregg Dir.) at 7, 12-13. This is a clear “win” for West Virginia consumers. Accordingly, the parties Settlement, as amended, is approved. The rate reductions set forth in the Revised Attachment, which is part of the Amended Settlement, shall be retroactively effective to January 1, 2000,³ and shall appear as a credit on bills rendered by BA-WV as soon as practicable. The Commission understands that BA-WV plans to make appropriate changes to customers’ monthly bills in May or June, 2000. See Tr. 38-39 (Given).

FINDINGS OF FACT

1. Federal universal service funds are intended to ensure that rates across the nation, particularly in rural and high-cost areas, are “affordable and reasonably comparable” to rates in low-cost and urban areas. Moreover, § 254(e) of the Telecommunications Act of 1996 (TA96), 47 U.S.C. §§ 151 et seq., provides that carriers must use universal service support “only for the provision, maintenance and upgrading of facilities and services for which the support is intended.” 47 U.S.C. § 254(e).

2. On October 21, 1999, the Federal Communications Commission (FCC) issued two orders: the first order adopted inputs to be used in estimating forward-looking costs to provide basic universal service; the second order calculated non-rural telecommunications carriers’ costs to provide basic universal service, on a state-by-state basis, and adopted rules governing how federal universal service support would be allocated to such carriers. See “Tenth Report and Order,” In the matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 99-305 (Rel. Nov. 2, 1999) (USF Inputs Order); and “Ninth Report and Order and Eighteenth Order on Reconsideration,” In the matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 99-304 (Rel. Nov. 2, 1999) (USF High-Cost Support Order).

3. The FCC required “. . . states that wish to receive federal universal service high-cost support non-rural carriers within their territory to file a certificate with the [FCC] stating that federal high-cost funds flowing to non-rural carriers in that state will be used in a manner consistent with [47 U.S.C. § 254(e)].” USF High-Cost Support Order, ¶ 97. Non-rural carriers will not receive support until the state files an appropriate certification with the FCC. Id. ¶ 98.

³While the parties’ Settlement, as amended, failed to when the proposed rate reductions were to become effective, it is clear from the parties’ pre-filed testimony and testimony during the January 20, 2000, hearing that this was their intent. See BA-WV Exh. 1 (Given Dir.) at 10; Tr. at 38 (Given).

4. BA-WV is the only non-rural telecommunications carrier in West Virginia that is eligible for federal universal service support.

5. It is incumbent upon the Commission to certify that BA-WV's proposed use of increased federal universal support is consistent with TA96's purposes if BA-WV is to receive such support.

6. Under the FCC's rules, if the Commission files a certification prior to January 1, 2000, then universal service funds for the first and second quarter of 2000 will be forwarded to BA-WV in the second quarter and without interruption thereafter. 47 C.F.R. § 54.313. If certification is filed with the FCC after January 1, 2000, but before April 1, 2000, BA-WV will still receive funding for 2000, but funds will be delayed until the third quarter. If certification is filed after April 1, 2000, BA-WV will not receive a full year's funding for 2000.

7. On November 5, 1999, CAD filed a petition requesting that the Commission initiate a general investigation regarding the appropriate disposition of approximately \$34.5 million annually, that BA-WV will be entitled to receive from the federal USF. This sum represents an increase of approximately \$33 million over current USF support for BA-WV. CAD Petition, ¶ 5.

8. By Order entered December 2, 1999, the Commission initiated this investigation, established a procedural schedule and directed the Executive Secretary to cause notice of the investigation to be published statewide.

9. On December 20, 1999, the Citizens Companies filed a petition to intervene. AT&T filed a petition to intervene in this proceeding on December 27, 1999.

10. By Order entered December 21, 1999, the Commission rescheduled the hearing date in this proceeding from January 10, 2000, to January 20, 2000.

11. A hearing was held, as scheduled, on January 20, 2000. The following parties appeared, through counsel: BA-WV, CAD, Staff and AT&T. Citizens did not appear at the hearing, nor did any person appear to submit comments or objections.

12. At the outset of the hearing, the parties advised the Commission that they had reached agreement on all matters in dispute and that they were prepared to submit a Stipulated Settlement (Settlement) of this proceeding. A draft Settlement was entered in the record as Joint Exh. 1.

13. On January 24, 2000, an executed copy of the Settlement was filed with the Commission.

14. Under the Settlement's terms, the parties agreed to the following:

- All additional universal service support received by BA-WV would be allocated to a series of reductions in BA-WV's local dial tone line rates for both business and residential customers. The reductions applied only to basic monthly rates and did not include usage-based rate reductions. Settlement, ¶1 and Attachment.
- The rate reductions would be implemented by means of a "Federal Universal Service Credit" to be applied against the otherwise applicable, tariffed rate. The tariffed rate and the credit would be shown as separate line items on the customer's monthly bill. Settlement, ¶2.
- The parties will discuss, in the context of BA-WV's upcoming incentive regulation plan proceeding, whether the federal universal service credit, in subsequent program years, should be based on total funding, rather than net funding, received by BA-WV from the federal USF. If the parties cannot agree on this issue, they reserve the right to take any position they deem appropriate in future proceedings. Id. ¶3.
- BA-WV will, as soon as possible, notify the parties of any increases or decreases in the amount of universal service support BA-WV receives. The parties will expeditiously negotiate an agreement to incorporate such changes in funding. If the parties are unable to reach an agreement within 30 days following such notice, any party may petition the Commission to resolve the issue. If the parties cannot agree, and the Commission does not issue an order by the effective date of any funding changes, the amount of the Universal Service Credit will be automatically increased or decreased in proportion to the increase or decrease in the amount of universal service funding available to BA-WV during that program year. Settlement, ¶4.
- Nothing in the Settlement affects the portability of federal universal service support among competitors, as set forth in the FCC High Cost Support Order. Id. ¶5.

15. On February 2, 2000, an executed Amended Stipulation of Settlement (Amended Settlement) was filed with the Commission.

16. The Amended Settlement accommodates the FCC's recalculation of the amount of universal service support BA-WV should receive. After the FCC's recalculation, BA-WV would be receiving a net increase in funding of \$29,367,522, rather than the approximately \$31 million assumed in the Settlement. Accordingly, the parties reduced the amount of the rate reductions previously agreed to in proportion to the total reduction in universal support. Amended Settlement, ¶1 and Revised Attachment. In all other respects, the terms of the Settlement remain in effect. Id. ¶2.

17. The Commission adopts, as if fully restated, all recitals of fact set forth herein.

CONCLUSIONS OF LAW

1. The Settlement, as amended on February 2, 2000, should be approved and a copy of this Order should be filed with the FCC and the Universal Service Administration Corporation, together with a letter certifying that all federal high-cost universal service support for non-rural carriers in West Virginia is being used in a manner consistent with 47 U.S.C. § 254(e).

2. The parties' proposed use of federal universal service support allocable to BA-WV is reasonable and comports with both TA96 and the FCC's universal service support orders.

3. BA-WV's proposed use of the increased federal universal service support is for the "[P]rovision, maintenance and upgrading of facilities and services for which the support is intended." See 47 U.S.C. § 254(e). Providing reductions in rates for basic telecommunications service, such as those agreed to by the parties, is clearly an appropriate use of federal universal service funds. See USF High-Cost Support Order, ¶¶ 7, 95-96.

4. The proposed rate reductions will bring the rates for basic business and residential customers in West Virginia closer to the national averages for such rates.

5. The rate reductions set forth in the Revised Attachment, which is part of the Amended Settlement, shall be retroactively effective to January 1, 2000, and shall appear as a credit on bills rendered by BA-WV as soon as practicable.

6. The petitions to intervene filed on December 20, 1999, by the Citizens Companies and AT&T should be granted.

7. The Commission adopts, as if fully restated, all legal conclusions set forth herein.

ORDER

IT IS, THEREFORE, ORDERED that the Stipulated Settlement, filed with the Commission on January 24, 2000, by Bell Atlantic - West Virginia, Inc., the Consumer Advocate Division and Commission Staff, and the Amended Stipulated Settlement, filed with the Commission on February 2, 2000, by said parties, should be, and hereby are, approved. The Settlement and the Amended Settlement are attached hereto as Appendix A and Appendix B, respectively, and are incorporated as if fully restated herein.

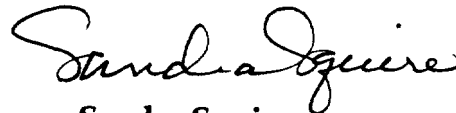
IT IS FURTHER ORDERED that the rate reductions set forth in the Revised Attachment, which is part of the Amended Settlement, shall be retroactively effective to January 1, 2000, and shall appear as a credit on bills rendered by BA-WV as soon as practicable.

IT IS FURTHER ORDERED that the petitions to intervene in this proceeding, filed by AT&T Communications of West Virginia, Inc. and the Citizens Companies -- Citizens Telecommunications Company of West Virginia, Citizens Mountain State Telephone Company, and Citizens Telecommunications Company -- are granted.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:



Sandra Squire
Executive Secretary

ARC

PWP pwp Ifg
991620cb.sca

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
Charleston

APPENDIX A

CASE NO. 99-1620-T-GI

CONSUMER ADVOCATE DIVISION'S PETITION TO
INITIATE PROCEEDINGS TO INVESTIGATE
APPROPRIATE DISPOSITION OF ADDITIONAL
FEDERAL UNIVERSAL SERVICE SUPPORT
FUNDS FOR BELL ATLANTIC - WEST VIRGINIA,
INC.

STIPULATED SETTLEMENT

This Stipulated Settlement is entered into this _____ day of January, 2000, by and among Bell Atlantic - West Virginia, Inc. ("BA-WV"), the Staff of the Public Service Commission ("Staff"), and the Consumer Advocate Division ("Consumer Advocate").

WHEREAS, on October 21, 1999, the Federal Communications Commission issued two companion orders in its ongoing universal service proceeding, the "High-Cost Support Order"¹ and the "Inputs Order"²; and

¹ In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Ninth Report and Order and Eighteenth Order on Reconsideration (Oct. 1, 1999), rel. Nov. 2, 1999.

WHEREAS, BA-WV will be eligible as a result of those two orders to receive \$32.5 million³ in high-cost support from the federal universal service fund during the fund's First Program Year,⁴ representing an increase of \$31 million over the federal universal service support that BA-WV currently receives; and

WHEREAS, one of the purposes of the new universal service fund is to help ensure that rates across the nation, and especially in rural and high-cost areas, are "affordable and reasonably comparable" to rates in urban and low-cost areas; and

WHEREAS, the parties have conducted extensive discussions concerning how the additional universal service funds that BA-WV is to receive may most appropriately be used to further the purpose of the Act's universal service provisions (Sec. 254); and

WHEREAS, The Parties are now in agreement concerning how those universal service funds should be used;

NOW, THEREFORE, the Parties do hereby agree and stipulate as follows:

1. The BA-WV's local dial tone line ("DTL") rates shall be reduced as set forth on the Attachment hereto.

² In the Matter of Federal-State Joint Board on Universal Service, CC Docket 96-45, Tenth Report and Order (Oct. 21, 1999), rel. Nov. 2, 1999.

³ The FCC's High-Cost Order provided that BA-WV would receive \$34.5 million in high cost funding. It is the Parties' understanding that the FCC has recently discovered a computational error in its allocation formula, and that as a result of correcting that error, the funding that BA-WV will be eligible to receive will be reduced by the FCC to \$32.5. This Stipulation is based upon that lower level of funding.

⁴ USF support is to be made available to eligible carriers on a "Program Year" basis. The First Program Year runs from January 1, 2000 to December 31, 2000. The Second Program covers calendar year 2001. Support periods thereafter are referred to by the FCC as Subsequent Program Years.

2. The reductions set forth on the Attachment shall be implemented by means of a "Federal Universal Service Credit" to be applied against the otherwise applicable tariffed rate. The tariffed rate and the amount of the Federal Universal Service Credit shall be shown as separate line items on the customer's monthly bill.

3. BA-WV is eligible to receive federal universal service funding of approximately \$32.5 million in the year 2000. Because there is already approximately \$1.5 million in federal universal service funding built into BA-WV's cost of service, the rate reductions set forth in the Attachment are based on the expected net increase of \$31 million in federal universal service funding to be received by BA-WV in the year 2000. In the context of BA-WV's upcoming incentive regulation plan proceeding, the parties agree that they will discuss whether the federal universal service credit in Subsequent Program Years should be based on total funding, rather than net funding, received by BA-WV from the federal universal service fund. If no agreement is reached, the parties reserve the right to take whatever position on this issue they deem appropriate in future proceedings.

4. In the event the amount of universal service funding that BA-WV receives in the Second or any Subsequent Program Year increases or decreases, BA-WV agrees to notify the parties of such change as soon as possible, and the parties agree to expeditiously negotiate an agreement to incorporate such change. If no agreement has been reached by the parties within 30 days of notice by BA-WV of a change in universal service funding, any

party may petition the Commission to resolve the issue. If no agreement is reached, or no order is issued by the Commission by the effective date of such change in federal universal service funding, then the amount of the Federal Universal Service Credit shall be automatically increased or decreased, as the case may be, in proportion to the increase or decrease in the amount of universal service funding available to BA-WV during that Program Year.

5. The parties agree that nothing in this agreement shall affect the portability of federal universal service support among competitors as set forth in the FCC's High Cost Support Order.

6. BA-WV shall file with the Commission for its approval a new tariff section providing for the Federal Universal Service Credit, together with such implementing regulations as may be reasonably necessary.

7. AT&T has intervened as a party in this proceeding and has been apprised of this Stipulation among the parties. While AT&T is not joining as a signatory to this Stipulation, the parties are authorized to report that AT&T has no objection to its adoption by the Commission.

Dated : January __, 2000.

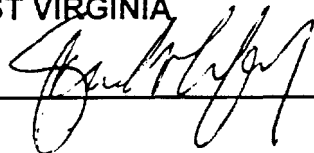
BELL ATLANTIC - WEST VIRGINIA, INC.

By: 

STAFF OF THE PUBLIC SERVICE
COMMISSION OF WEST VIRGINIA

By: 

THE CONSUMER ADVOCATE DIVISION
OF THE PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

By: 

	Current Dial Tone Line Rate	Proposed Dial Tone Line Rate	Reduction in Dollars	Reduction in Percent
Residential				
Frequent	\$ 29.00	\$ 24.00	\$ 5.00	17%
Community Plus	\$ 22.00	\$ 18.50	\$ 3.50	16%
Community	\$ 15.00	\$ 12.50	\$ 2.50	17%
Thrifty	\$ 6.00	\$ 5.00	\$ 1.00	17%
Tel-Assistance	\$ 4.25	\$ 3.25	\$ 1.00	24%
Business				
Frequent	\$ 55.00	\$ 46.00	\$ 9.00	16%
Thrifty	\$ 24.50	\$ 20.50	\$ 4.00	16%
Centrex*				
CustoPAK	\$ 12.25	\$ 11.22	\$ 1.03	8%
CustoFlex	\$ 3.06	\$ 2.80	\$ 0.26	8%
Other Centrex	\$ 4.08	\$ 3.74	\$ 0.34	8%
PBX Trunks/Thrifty	\$ 24.50	\$ 22.44	\$ 2.06	8%
PBX Trunks/Frequent	\$ 70.00	\$ 64.11	\$ 5.89	8%
Total Reduction			\$ 30,996,949	
*This represents only the Dial Tone Line portion - other charges apply				

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
Charleston

APPENDIX B

CASE NO. 99-1620-T-GI

CONSUMER ADVOCATE DIVISION'S PETITION TO
INITIATE PROCEEDINGS TO INVESTIGATE APPROPRIATE
DISPOSITION OF ADDITIONAL FEDERAL UNIVERSAL
SERVICE SUPPORT FUNDS FOR BELL ATLANTIC - WEST
VIRGINIA, INC.

AMENDED STIPULATION

This Amended Stipulation is entered into this 22nd day of February, 2000, by and among Bell Atlantic - West Virginia, Inc. ("BA-WV"), the Staff of the Public Service Commission ("Staff"), and the Consumer Advocate Division ("CAD") (hereinafter collectively the "Parties").

WHEREAS, on January 20, 2000, the Parties entered into a Stipulated Settlement providing for the disposition of those federal universal service funds that BA-WV will be eligible to receive during the year 2000; and,

WHEREAS, the Parties' Stipulated Settlement was based on their understanding that BA-WV would be receiving an additional \$31 million in federal universal service support, exclusive of the approximately \$1.5 million in federal universal service funding that is currently built into BA-WV's cost of service (See Stipulated Settlement, P.3); and

WHEREAS, on January 20, 2000, the Federal Communications Commission issued a Public Notice advising that, because of certain computational errors, the federal funding that BA-WV will be receiving had been reduced to \$30,822,798, inclusive of the

\$1,455,276 that BA-WV is currently receiving, such that the additional funding that BA-WV will be receiving amounts to \$29,367,522, rather than the approximately \$31 million assumed in the Parties' Stipulated Settlement (See Stipulated Settlement, Att.); and

WHEREAS, the Parties have discussed the reduction in federal universal support, and have now reached agreement concerning how that reduction should be reflected in the rate design for the first program year's Federal Universal Service Credits;

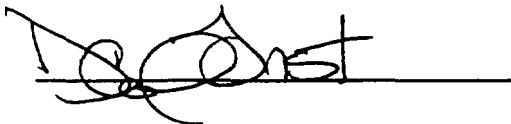
NOW, THEREFORE, the Parties do hereby agree and stipulate as follows:

1. BA-WV's rates shall be reduced through the application of Federal Universal Service Credits as set forth on the Revised Attachment hereto.
2. The Stipulated Settlement previously entered into by the Parties shall in all other respects remain in effect.

Dated : February 3, 2000.

BELL ATLANTIC - WEST VIRGINIA, INC.

By:



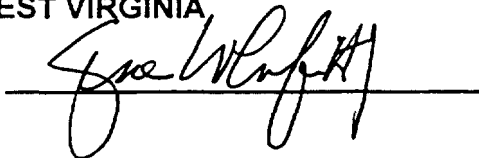
STAFF OF THE PUBLIC SERVICE
COMMISSION OF WEST VIRGINIA

By:



THE CONSUMER ADVOCATE DIVISION
OF THE PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

By:



	Current Dial Tone Line Rate	Proposed Dial Tone Line Rate	Reduction in Dollars	Reduction in Percent
Residential				
Frequent	\$ 29.00	\$ 24.00	\$ 5.00	17%
Community Plus	\$ 22.00	\$ 18.50	\$ 3.50	16%
Community	\$ 15.00	\$ 12.50	\$ 2.50	17%
Thrifty	\$ 6.00	\$ 5.00	\$ 1.00	17%
Tel-Assistance	\$ 4.25	\$ 3.25	\$ 1.00	24%
 Business				
Frequent	\$ 55.00	\$ 46.25	\$ 8.75	16%
Thrifty	\$ 24.50	\$ 20.50	\$ 4.00	16%
 Total Reduction			\$ 29,372,100	